



A focus on the markets that the CTC and its partners are active in

December 2009

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## Key Highlights

Year-to-date, with the exception of China (+0.6%), drops were registered across all key markets, including steep declines for Mexico (-36.6%), Japan (-28.4%), South Korea (-24.9%) and the UK (-16.8%).

With an economic recovery underway and a weakening Canadian dollar, Canadian travel abroad in December registered a gain of 5.0%, as overnight travel to the US edged up by 9.0% and visits to overseas destinations decreased by 1.8%, over last year.

With the global economic climate on a mild upturn, the latest results suggest that the propensity to travel from many CTC core markets is reaching a turning point.

## Tourism Review

### International Trips

- International travellers made 972,199 overnight trips to Canada in the month of December, down 6.7% over 2008;
- In 2009, international visits to Canada decreased 7.8% over the previous year, with 15.8 million overnight trips made;
- This month, trips to Canada from both the Americas and overseas key markets decreased compared to the same period in 2008, falling 7.2% and 6.4% respectively;
- Year-to-date, the number of overnight trips to Canada from overseas countries other than CTC key markets fell by 133,072 to 1.6 million compared to December 2008.

### United States

- Overall, trips by the US fell 5.9% in December with automobile trips falling by 5.6%, plane trips dipping 5.9% and "other" modes facing a drop of 8.4%;
- Although US trips to Canada decreased 6.1% for the year, New Brunswick and Saskatchewan posted increases of 13.5% and 5.5% respectively;
- In 2009, automobile trips (which account for 60.1% of all overnight US trips to Canada) declined at a slower rate (-4.3%) than non-automobile trips (-8.8%);
- In December, BC saw the largest increase in the number of overnight US visitors (increasing by 7,530), followed by Saskatchewan and Yukon who saw 486 and 259 additional visitors, in comparison to December 2008.

## Overnight Trips To Canada

	Dec 2009	09/08 Dec % Change	Jan-Dec 2009	Year-to-date % Change
<b>Americas*</b>				
<b>United States</b>				
Automobile	423,595	-5.6	7,050,725	-4.3
Plane	252,843	-5.9	3,280,508	-8.6
Other	30,172	-8.4	1,403,692	-9.2
<b>U.S. Total</b>	<b>706,610</b>	<b>-5.9</b>	<b>11,734,925</b>	<b>-6.1</b>
<b>Mexico</b>	<b>7,325</b>	<b>-60.5</b>	<b>168,724</b>	<b>-36.6</b>
<b>Americas Total</b>	<b>713,935</b>	<b>-7.2</b>	<b>11,903,649</b>	<b>-6.8</b>
<b>Overseas Key Markets</b>				
France	25,065	0.1	407,653	-3.2
Germany	14,403	-5.1	309,684	-3.2
UK	47,740	-11.4	710,513	-16.8
China	10,321	-2.4	160,833	0.6
Japan	11,979	-8.8	197,752	-28.4
South Korea	10,103	0.0	138,150	-24.9
Australia	17,444	-12.3	204,383	-14.4
India**	6,481	17.7	107,959	-2.6
Brazil**	6,196	-7.7	61,829	-13.7
<b>Overseas Key Markets</b>	<b>149,732</b>	<b>-6.4</b>	<b>2,298,756</b>	<b>-12.8</b>
<b>As % of Overseas and Americas</b>	<b>17.3%</b>		<b>16.2%</b>	
Other Overseas Countries	108,532	-4.1	1,602,437	-7.7
Non-US Countries	265,589	-9.0	4,069,917	-12.3
<b>Total Countries</b>	<b>972,199</b>	<b>-6.7</b>	<b>15,804,842</b>	<b>-7.8</b>

Note: Statistics Canada preliminary estimates.

Source: Statistics Canada, International Travel Survey.

\*Refers to the CTC's marketing group in the U.S. and Mexico.

\*\* India and Brazil are added to the CTC overseas key markets

Source: Reports of entries and re-entries from offices of the Canada Border Services Agency.

## Mexico

- The introduction of new visa requirements for Mexicans traveling to Canada continued to significantly hinder inbound travel to Canada with Mexico registering the most significant drop (60.5%) among CTC key markets in December.

## Overseas Key Markets

- In December 2009, the number of visitors from overseas key markets fell 6.4% over the same period in 2008, with a total of 149,732 overnight trips to Canada;
- In 2009, trips from Canada's key overseas markets declined by 12.8% totalling just under 2.3 million overnight trips;
- The number of visitors from South Korea remained unchanged compared to December 2008, after experiencing double digit declines for the previous 11 months;
- In December, travel from India grew by 17.7%, an improvement over the 12.4% drop seen in November 2009;
- For the year, the largest declines in travel from overseas key markets were seen in Japan (-28.4%), South Korea (-24.9%), the UK (-16.8%) and Australia (-14.4%).

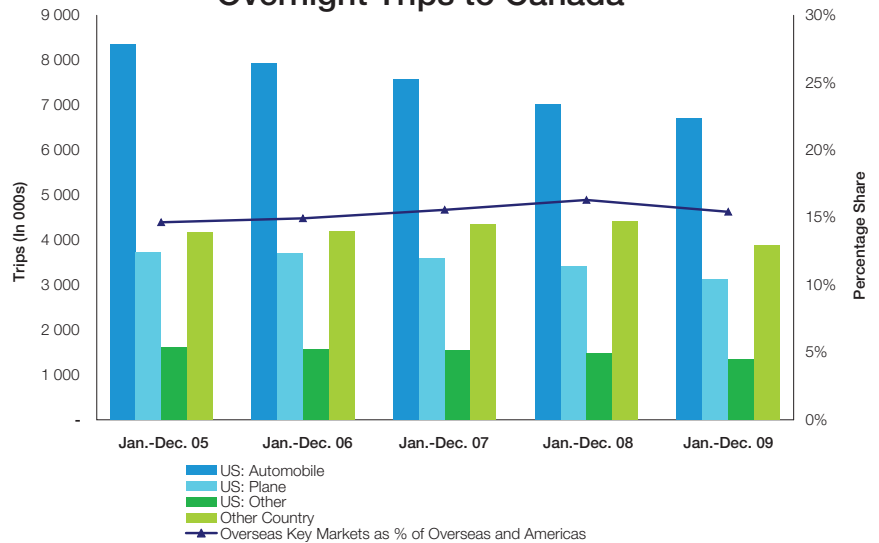
## Share of Entry (January – December, 2009)

- In 2009, there were 11.7 million overnight US visitors, accounting for 82.6% of the total visitors from key markets: 49.6% were automobile trips, 23.1% were plane trips and 9.9% were “other” mode trips;
- The Americas (US and Mexico) accounted for 83.8% of visitors from key markets, a decline of 0.9% over the same period in 2005;
- Overnight visitors from key European markets made 1.4 million overnight trips to Canada during 2009, accounting for a share of 10.1%, which was up from 9.2% during the same period in 2005;
- Visitors from Asian markets made 701,118 trips in 2009, representing 4.9% of total visitors from key markets. Of all CTC key markets, Australia represented 1.4%;
- 169,788 visitors from emerging markets (India and Brazil) accounted for 1.2% of total key market tourists, a 50.0% increase over 2005.

## Market Watch

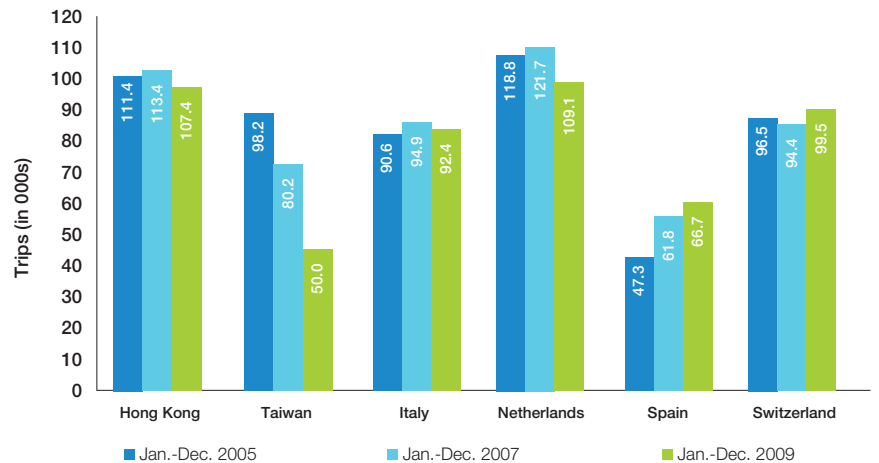
- Spain continued to record an impressive growth rate over 2005, increasing 41.2% during the January-December 2009 period, while Switzerland and Italy saw growth of 3.0% and 2.0% respectively;
- In 2009, Taiwan posted a significant decrease of 44.8% over 2005, while the Netherlands and Hong Kong posted more moderate declines of 8.1% and 3.6% over 2005.

## Overnight Trips to Canada



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey

## Trips to Canada, by Selected Markets



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey

## Competitive Review (January-October 2009)

- From January to October 2009, international travel to Canada, the US and Australia posted declines of 8%, 7% and 1% respectively over 2008;
- Of the three destinations, Australia outperformed Canada and the US with increases in the number of visitors from India (+8%) and France (+6%);
- Canada posted a significantly larger decline in visitors from Japan (-31%) and South Korea (-27%) than our US neighbour who saw declines of 12% and 8% respectively;
- During the first 10 months of 2009, the US outperformed Canada in terms of growth in visitors from Brazil (+14%) and Australia (+3%).

## International Travel, January-October 2009 (In 000s)

Trips From:	Trips To:					
	Canada		United States		Australia	
	#	09/08 Change	#	09/08 Change	#	09/08 Change
Total International	14,110	-8%	40,027	-7%	4,451	-1%
<b>Americas</b>						
United States	10,476	-6%	...	...	383	4%
Mexico <sup>1</sup>	158	-34%	4,764	-5%	...	...
<b>Overseas Key Markets</b>						
France	368	-4%	1,043	-3%	73	6%
Germany	285	-3%	1,448	-6%	125	-2%
United Kingdom	636	-17%	3,309	-15%	500	-2%
China <sup>2</sup>	142	2%	542	-1%	304	3%
Japan	174	-31%	2,423	-12%	291	-24%
South Korea	122	-27%	614	-8%	147	-22%
Australia	177	-15%	596	3%	...	...
India	96	-3%	484	-10%	102	8%
Brazil	53	-14%	704	14%	...	...
Canada	...	...	15,422	-7%	97	-2%
<b>Total Key Markets</b>	<b>12,689</b>	<b>-5%</b>	<b>31,349</b>	<b>-7%</b>	<b>2,021</b>	<b>4%</b>

...Not applicable or data not available.

<sup>1</sup>US figures for Mexico include arrivals to interior only.

<sup>2</sup>US figures for China includes Hong Kong, SAR.

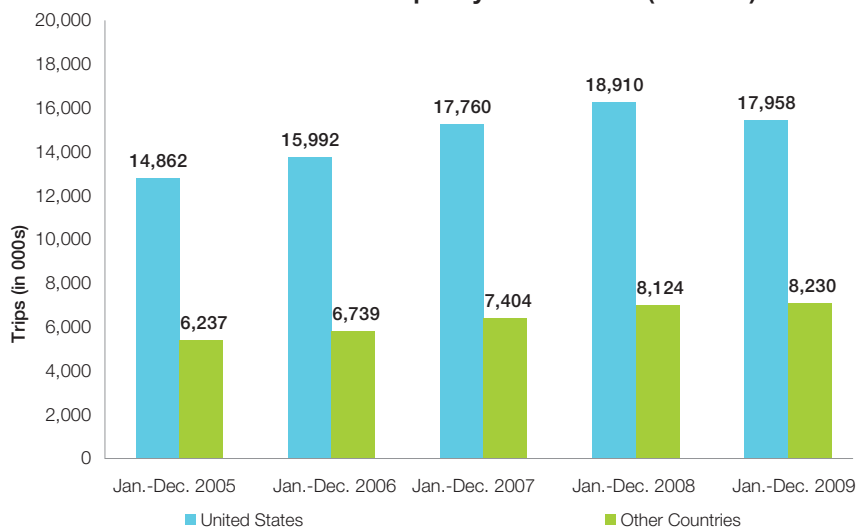
Sources: Statistics Canada; Tourism Australia; and ITA, and Office of Travel and Tourism Industries (USA).

Note: Statistics Canada preliminary figures.

## Canadian Outbound Trips

- Canadian outbound travel increased 9.0% to the US in December 2009, over the same period last year, while travel to non-US destinations fell by 1.8%;
- In December, all provinces except for Yukon and Newfoundland saw increases in travel to the US, with Saskatchewan, Manitoba and BC posting the most significant gains of 20.6%, 15.8% and 13.6% respectively;
- Despite an overall decline in international travel in December, Saskatchewan saw the largest increase in the percentage of residence traveling abroad (up 42.0%), followed by Manitoba (up 38.7%) and Ontario (up 1.5%);
- In 2009, Canadian travel abroad was down 3.1%, with 952,089 fewer Canadians visiting the US, while 105,904 more Canadians traveled to countries other than the US, compared to 2008;
- Year-to-date, Canadian travel to the US was down among all provinces except for Newfoundland and Alberta who had increases of 2.7% and 2.0% respectively. On the other hand, all provinces saw increases in travel to non-US destinations, with the exception of Yukon, BC and Newfoundland, which had declines of 15.7%, 3.9% and 0.6% respectively.

### Outbound Trips by Canadians (in 000s)



Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey

### Overnight Trips by Canadians

	Dec 2009	09/08 Dec % Change	Jan-Dec 2009	Year-to-date % Change
United States	1,171,349	9.0	17,958,121	-5.0
Other Countries	628,317	-1.8	8,229,916	1.3
<b>Total Trips from Canada</b>	<b>1,799,666</b>	<b>5.0</b>	<b>26,188,037</b>	<b>-3.1</b>

Note: Statistics Canada preliminary estimates. Source: Statistics Canada, International Travel Survey.

## Consumer Outlook

### Economic Indicators

- The fourth quarter saw the economic recovery broadened, with the majority of markets seeing economic improvement, compared to earlier in the year.
- From October to December 2009, Canada's economy contracted (-1.5%), while the US showed signs of recovery with moderate growth of 0.1%;
- For a second consecutive quarter the majority of Asia/Pacific markets saw economic growth. China led the pack with growth of 11.0% followed by India, South Korea, and Australia.
- Inflation for all key markets increased in Q4 2009, compared with the same period last year. India posted the highest inflation rate of 13.3% followed by Brazil, Mexico, France and Germany.
- In Q4 2009, the Canadian dollar weakened against the US dollar, Mexican peso, the Chinese yuan, the Euro and the pound, but strengthened against all other currencies.

### Consumer Confidence

**CANADA:** Following two consecutive monthly declines, consumer confidence rose by 3.7 percentage points in December to 82.8 (2002 = 100), according to the Conference Board's Index of Consumer Confidence-December 2009.

**USA:** The Conference Board Consumer Confidence Index®, which had increased in November, rose again in December. The index now stands at 52.9 (1985 = 100), up from 50.6 in November and up against December 2008.

Sources: Consumer Confidence Index, the Conference Board (USA); and Index of Consumer Confidence, the Conference Board of Canada.

## Economic Indicators, Q3 2009 - Q4, 2009

America	Canada		USA		Mexico		Brazil	
	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009
Real GDP growth (yoy, %)	-3.2	-1.5	-2.3	0.1	-6.6	-2.8	-1.4	4.0
Consumer Price Index (yoy,%)	-0.9	0.8	-1.6	1.5	5.1	4.0	4.4	4.2
Exchange Rate (1LCU:C\$)	1.000	1.000	1.097	1.056	0.083	0.081	0.588	0.607

Europe	France		Germany		UK	
	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009
Real GDP growth (yoy, %)	-2.4	-0.3	-4.8	-2.4	-5.1	-3.2
Consumer Price Index (yoy,%)	-0.4	0.4	-0.2	0.4	1.5	2.1
Exchange Rate (1LCU:C\$)	1.569	1.560	1.569	1.560	1.800	1.727

Asia Pacific	Australia		China		Japan		South Korea		India	
	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009	Q3 2009	Q4 2009
Real GDP growth (yoy, %)	0.8	2.0	8.9	11.0	-5.2	-1.3	0.6	6.0	5.7	7.0
Consumer Price Index (yoy,%)	1.3	2.1	-1.2	0.6	-2.2	-2.0	2.0	2.4	11.8	13.3
Exchange Rate (1LCU:C\$)	0.9145	0.9606	0.4820	0.1547	0.0117	0.0118	0.0009	0.0027	0.0227	0.0227

Source: Bank of Canada; and Oxford Economics October - December 2009

Note: Exchange rates, average of 20-22 days.

## Accommodatons

- In December 2009, the national occupancy rate fell by 2.2% over the same month last year to 43.2%. Most provinces experienced decreases with the exception of PEI (2.1%), Newfoundland (0.9%) and Saskatchewan (0.3%);
- The average daily rate (ADR) contracted by 2.7% in December, after seeing declines in November (-3.3%) and October (-4.4%). While most provinces faced decreases in September's ADR, Saskatchewan, Newfoundland, Manitoba and the NWT had gains of 5.0%, 3.3%, 3.1% and 1.1%;
- Year-to-date, the national occupancy rate decreased 5.1% falling to 58.3% when compared to the same period last year. Yukon posted the highest occupancy rate at 71.2% (up 4.2%) followed by Saskatchewan (down 2.3%);
- In 2009, properties with over 500 rooms posted the highest occupancy rate of 65.1%, while properties under 50 rooms posted the lowest occupancy rate of 50.9%.

## Canadian Occupancy Rates\*, By Province

	Dec 09	09/08 Change <sup>^</sup>	Jan-Dec 2009	Year-to-date Change <sup>^</sup>
Alberta <sup>1</sup>	43.4	-7.8	58.9	-9.7
British Columbia	42.4	-2.2	58.9	-5.4
Saskatchewan	57.1	0.3	69.9	-2.3
Manitoba	49.6	-1.9	63.9	-3.0
Ontario	42.8	-1.1	57.1	-4.4
Quebec	42.8	-1.6	57.0	-4.4
New Brunswick	37.1	-0.1	55.2	-3.2
Nova Scotia	37.2	-1.7	58.7	-3.7
Newfoundland	42.9	0.9	64.7	-0.2
Prince Edward Island	26.6	2.1	48.0	-0.3
Northwest Territories	46.9	-2.4	59.9	-2.8
Yukon	58.2	13.7	71.2	4.2
<b>Canada</b>	<b>43.2</b>	<b>-2.2</b>	<b>58.3</b>	<b>-5.1</b>

\* Note: Based on the operating results of 209,877 rooms (unweighted data).

<sup>^</sup> Percentage points. <sup>1</sup> Excluding Alberta resorts Source: PKF Consulting Inc.

Strategic Performance (January-December, 2009)

Travel Volumes, January-December 2009

	Trips Made (000s)		
	Target	Actual	% Difference
United States	12,030	11,735	-2.5
Mexico	260	169	-35.1
<b>Americas (Total)</b>	<b>12,290</b>	<b>11,904</b>	<b>-3.1</b>
<b>Overseas Key Markets</b>			
France	400	408	1.9
Germany	293	310	5.6
UK	783	711	-9.2
China	168	161	-4.2
Japan	251	198	-21.3
South Korea	177	138	-22.0
Australia	230	204	-10.9
Overseas Key Market (Total)	<b>2,302</b>	<b>2,129</b>	<b>-7.5</b>
<b>Total</b>	<b>14,591</b>	<b>14,033</b>	<b>-3.8</b>

Note: As per strategic plans.

- In 2009, international trips by key markets fell short of meeting set targets by 558,000 or 3.8%;
- Mexico led the shortfall missing its target by 35.1%, followed by South Korea and Japan with differences of 22.0% and 21.3% respectively;
- The most notable performance was from Germany who exceeded the target by 5.6% or by 17,000 trips.

Air Capacity

Air Capacity, Q4 (October-December) 2009

	Q4 2009	09/08 % Change
Australia*	24,030	6.0%
China	100,458	12.0%
Japan	97,760	32.1%
South Korea	63,027	14.4%
India*	50,672	57.4%
France	192,534	4.9%
Germany	206,231	1.6%
United Kingdom	394,192	4.9%
Mexico	180,996	21.3%
Brazil	23,552	4.4%
United States	3,693,561	-3.1%

Note: Non-stop flights. \*Includes one stop.

Source: OAG data as provided by the Conference Board of Canada.

- In the fourth quarter of 2009, there was a notable improvement in air capacity for the majority of CTC key markets. India saw a significant increase in air capacity of 57.4%, while Japan and Mexico grew by 32.1% and 21.3% respectively. It is important to note that the rise in Mexican air capacity was largely linked to seasonal sun and sand destines including Puerto Vallarta, Las Cabos and Cancun;
- The US was the only market to post a decline of 3.1%, while Germany and the UK posted more moderate growth of 1.6% and 4.9%.

CTC Marketing Market Research